

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2008

	August-08				July-08				Current FYTD	Prior Year FY08	3 Years Ended 6/30/2008	5 Years Ended 6/30/2008
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Month Net ROR	Net	Net	Net	Net
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
Los Angeles Capital	72,581	2.9%	2.8%	-0.56%	69,445	2.8%	2.8%	-1.18%	-1.73%	-7.79%	7.68%	N/A
Total Structured Growth	72,581	2.9%	2.8%	-0.56%	69,445	2.8%	2.8%	-1.18%	-1.73%	-7.79%	7.68%	9.56%
Russell 1000 Growth				1.08%				-1.90%	-0.84%	-5.96%	5.91%	7.32%
<i>Structured Value</i>												
LSV	65,959	2.6%	2.8%	1.61%	61,745	2.5%	2.8%	-0.58%	1.02%	-21.43%	3.81%	11.57%
Russell 1000 Value				1.70%				-0.36%	1.33%	-18.78%	3.53%	8.92%
<i>Russell 1000 Enhanced Index</i>												
LA Capital	142,229	5.6%	5.6%	0.76%	134,299	5.3%	5.6%	-2.05%	-1.30%	-9.54%	6.97%	N/A
Russell 1000				1.38%				-1.16%	0.20%	-12.36%	4.81%	
<i>S&P 500 Enhanced Index</i>												
Westridge	147,251	5.8%	5.6%	1.58%	137,936	5.5%	5.6%	-0.73%	0.85%	-12.18%	4.98%	N/A
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	
<i>Index</i>												
State Street	47,297			0.31%	44,858			-1.16%	-0.85%	-18.24%	2.93%	6.64%
Total 130/30	47,297	1.9%	1.9%	0.31%	44,858	1.8%	1.9%	-1.16%	-0.85%	-18.24%	2.93%	6.64%
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.59%
TOTAL LARGE CAP DOMESTIC EQUITY	475,317	18.9%	18.8%	0.88%	448,283	17.8%	18.8%	-1.22%	-0.35%	-12.71%	5.68%	9.31%
S&P 500				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.59%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	78,149	3.1%	3.1%	2.40%	73,971	2.9%	3.1%	0.99%	3.41%	-20.93%	2.06%	9.10%
Russell 2000 + 200bp				3.78%				3.87%	7.79%	-14.48%	5.88%	12.50%
<i>Enhanced</i>												
Research Affiliates	82,966	3.3%	3.1%	3.55%	77,622	3.1%	3.1%	2.98%	N/A	N/A	N/A	N/A
Russell 2000				3.61%				3.70%	7.45%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	161,114	6.4%	6.3%	2.99%	151,593	6.0%	6.3%	1.97%	5.02%	-21.14%	1.97%	9.04%
Russell 2000				3.61%				3.70%	7.45%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY												
<i>Large Cap - Active</i>												
Capital Guardian	99,407	3.9%	4.0%	-3.83%	93,994	3.7%	4.0%	-4.00%	-7.68%	-12.37%	12.24%	14.35%
LSV	100,127	4.0%	4.0%	-1.07%	92,079	3.7%	4.0%	-2.50%	-3.55%	-25.78%	7.37%	N/A
Total Large Cap - Active	199,533	7.9%	8.0%	-2.47%	186,073	7.4%	8.0%	-3.27%	-5.66%	-19.29%	9.83%	13.46%
MSCI EAFE - 50% Hedged				-1.59%				-2.64%	-4.19%	-15.14%	10.93%	14.67%
<i>Small Cap - Value</i>												
DFA	23,241	0.9%	1.0%	-3.22%	21,863	0.9%	1.0%	-4.44%	N/A	N/A	N/A	N/A
Total Small Cap Value	23,241	0.9%	1.0%	-3.22%	21,863	0.9%	1.0%	-4.44%	-7.52%	-12.74%	9.30%	17.27%
S&P/Citigroup Broad Market Index < \$2BN				-5.40%				-4.30%	-9.47%	-25.49%	7.39%	17.33%
<i>Small Cap - Growth</i>												
Vanguard	22,570	0.9%	1.0%	-5.82%	21,268	0.8%	1.0%	-5.82%	-11.30%	-17.52%	11.77%	20.18%
Citigroup Broad Market Index < \$2BN				-5.40%				-4.30%	-9.47%	-25.49%	7.39%	17.33%
TOTAL INTERNATIONAL EQUITY	245,345	9.7%	10.0%	-2.85%	229,205	9.1%	10.0%	-3.62%	-6.37%	-18.83%	9.79%	14.56%
MSCI EAFE - 50% Hedged				-1.59%				-2.64%	-4.19%	-15.14%	10.93%	14.67%

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DOMESTIC FIXED INCOME												
Core Bond												
Western Asset	417,867	16.6%	17.1%	1.03%	425,247	16.9%	17.1%	-1.78%	-0.76%	2.06%	2.76%	3.55%
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.86%
Mortgage Backed												
Hyperion	80,385	3.2%	4.4%	-10.70%	93,229	3.7%	4.4%	-8.02%	-17.87%	-20.24%	N/A	N/A
<i>Lehman Global Aggregate (US Securitized Portion)</i>				-0.46%				-0.06%	-0.52%	10.14%		
Core Plus/Enhanced												
<i>Clifton Group</i>	123,354	4.9%	4.4%	1.11%	125,139	5.0%	4.4%	0.45%	1.56%	10.17%	N/A	N/A
<i>Prudential</i>	122,314	4.9%	4.4%	0.71%	124,753	5.0%	4.4%	-0.24%	0.46%	4.89%	N/A	N/A
Total Core Plus/Enhanced	245,668	9.7%	8.8%	0.91%	249,892	9.9%	8.8%	0.10%	1.01%	7.55%	N/A	N/A
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%		
Index												
Bank of ND	214,853	8.5%	7.7%	1.06%	218,540	8.7%	7.7%	0.07%	1.14%	7.68%	3.93%	3.28%
<i>Lehman Gov/Credit (1)</i>				0.92%				0.00%	0.92%	7.24%	3.84%	3.24%
BBB Average Quality												
Wells Capital (formerly Strong)	427,117	16.9%	17.1%	0.83%	435,754	17.3%	17.1%	-0.59%	0.24%	3.55%	3.04%	3.85%
<i>Lehman US Credit BAA</i>				0.80%				-0.67%	0.13%	2.62%	2.52%	3.59%
TOTAL DOMESTIC FIXED INCOME	1,385,890	55.0%	55.0%	0.19%	1,422,661	56.6%	55.0%	-1.24%	-1.06%	2.32%	3.89%	5.04%
<i>Lehman Aggregate (2)</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.73%
CASH EQUIVALENTS												
Bank of ND	253,511	10.1%	10.0%	0.17%	263,249	10.5%	10.0%	0.16%	0.33%	3.43%	4.10%	3.38%
<i>90 Day T-Bill</i>				0.16%				0.18%	0.33%	3.63%	4.27%	3.18%
TOTAL BONDING FUND	2,521,177	100.0%	100.0%	0.20%	2,514,990	100.0%	100.0%	-1.12%	-0.93%	-4.14%	4.30%	5.86%
POLICY TARGET BENCHMARK				0.88%				-0.22%	0.66%	-0.90%	5.01%	5.95%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.